

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00

XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 IO-13 HA-05

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P 030033Z DEC 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 6732

INFO ALL USCONS MEXICO POUCH

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E. O. 11652: N/A

TAGS: PGOV, PINT, MX

SUBJECT: JLP PRESS CONFERENCE NOVEMBER 30

1. PRESIDENT LOPEZ PORTILLO REVIEWED THE STATE OF MEXICO'S POLITICAL AND ECONOMIC HEALTH DURING THE FIRST YEAR OF HIS ADMINISTRATION. IN ONE AND ONE HALF HOUR PRESS CONFERENCE, JLP WAS FRANK IN RESPONSE TO MOST QUESTIONS FROM THE MEXICAN AND FOREIGN JOURNALISTS, WHICH FOCUSED ON INTERNAL ECONOMIC AND POLITICAL SUBJECTS, BUT NO NEW POLICY SHIFTS WERE ANNOUNCED.

2. THE PRESIDENT DEFENDED MEXICO'S AGREEMENT WITH THE IMF, STATING THAT WHILE THE WORLD ECONOMIC ORDER NEEDED REFORM, MEXICO WOULD WORK WITHIN EXISTING INSTITUTIONS - HE SPECIFICALLY MENTIONED THE IMF, IBRD DND, INTERESTINGLY, GATT - TO ACHIEVE THE DESIRED CHANGES. THE PRESIDENT

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REFUSED TO GIVE OUT DETAILS ON THE 1978 BUDGET. HE DISMISSED IDEOLOGICAL CHARACTERIZATIONS OF THE BUDGET AS IRRELEVANT AND SAID IT WOULD BE A BUDGET "RESPONSIBLE IN EQUILIBRIUM, THAT TENDS TO RESOLVE THE CRITICAL PROBLEMS THAT CONFRONT US." HE ALSO NOTED THAT NOBODY IN THE CABINET FAVORED A BUDGET THAT WOULD WORSEN THE EMPLOYMENT PROBLEM. JLP ATTRIBUTED THE RESIGNATIONS OF HIS FINANCE

AND BUDGET MINISTERS TO THEIR INABILITY TO WORK TOGETHER IN FORMING ECONOMIC POLICY. LOPEZ PORTILLO DECLINED TO CASTIGATE THE PRIVATE SECTOR, SAYING THAT SOME PRIVATE BUSINESSMEN HAVE FULFILLED THEIR OBLIGATIONS WHEREAS OTHERS HAD NOT YET DONE SO.

3. REGARDING THE PESO, HE SAID IT WOULD CONTINUE TO FLOAT UNTIL THE "NATIONAL ECONOMY IS CONSOLIDATED." HE SAID THAT THE CURRENCY WOULD STRENGTHEN RATHER THAN WEAKEN BECAUSE OF THE PETROLEUM RESOURCES. AT ANOTHER POINT HE REJECTED EXCHANGE CONTROLS AS AN ABSURD SOLUTION.

4. THE PRESIDENT SAID THAT THE "IMPORT SUBSTITUTION SYSTEM...HAD EXHAUSTED ITS MOST IMPORTANT POSSIBILITIES.." HE WENT ON TO SAY THAT THE INDUSTRIAL DEVELOPMENT STRATEGY MUST BE CHANGED AND THAT THE COUNTRY SHOULD ORGANIZE ITSELF TO TAKE ADVANTAGE OF ITS NATURAL RESOURCES IN A VERTICAL FORM (I.E., BY PROCESSING THEM), THAT PRODUCTION OF CAPITAL GOODS SHOULD INCREASE, AND THAT PRODUCTION OF PRIMARY MATERIALS FOR EXPORT SHOULD BE ENCOURAGED. HE THEN NOTED THAT INVESTMENT HAD NOT RESPONDED IN THE DEGREE DESIRED, BUT THERE WERE SOME ENCOURAGING SIGNS SUCH AS HIGHER ELECTRICITY CONSUMPTION. HE RECOGNIZED THAT IT TOOK TIME TO DEVELOP AND IMPLEMENT INVESTMENT PROJECTS, AND INDICATED THAT APPROPRIATE POLICIES WERE NECESSARY TO STIMULATE INVESTMENT.

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5. IN RESPONSE TO A QUESTION ON THE GAS PIPELINE, THE PRESIDENT SAID THE EX-IM LOAN WAS NOT BLOCKED" AND THAT MEXICO WOULD NOT LOWER THE "JUST PRICE FOR THE GAS THAT WE HAVE FIXED BECAUSE OF FINANCING PROBLEMS." HE SAID THAT HE DID NOT BELIEVE THAT THE USG WOULD USE ITS "FINANCING SYSTEMS TO AFFECT PRICES OF RAW MATERIALS." (FULL TEXT OF THIS WILL BE SENT SEPARATELY).

6. IN RESPONDING TO A QUESTION ON THE CONSTITUTIONAL REQUIREMENTS FOR PRESIDENTIAL CANDIDATES, HE SAID HE SAW NO NEED TO REVISE ARTICLE 82 OF THE CONSTITUTION, WHICH REQUIRES MEXICAN PRESIDENTS TO HAVE MEXICAN BORN PARENTS. COMMENT: SEVERAL PUBLIC FIGURES, INCLUDING EX-PRESIDENT MIGUEL ALEMAN, HAVE CALLED FOR RECONSIDERATION OF ARTICLE 82. THE TWO MEN WHOSE POLITICAL FUTURES COULD BE ENHANCED BY A REVISION OF ARTICLE 82 - JESUS REYES HEROLES, SECRETARY OF GOBERNACION, AND CARLOS HANK GONZALEZ, MAYOR OF THE FEDERAL DISTRICT - HAVE MAINTAINED AN AVOWED DIS-INTEREST IN REVISING ARTICLE 82.

7. ON THE AGRARIAN FRONT HE SAID THAT AGRICULTURAL

PROBLEMS CAN NO LONGER BE RESOLVED BY DIVIDING THE LAND,
BUT EMPHASIS MUST BE ON INCREASED PRODUCTION. JLP AC-
KNOWLEDGED THE DUALITY OF THE AGRARIAN PROBLEM - THE NEED
TO INCREASE PRODUCTION WHILE PROVIDING SOCIAL JUSTICE
FOR THE CAMPESINO - WITHOUT PROVIDING SPECIFIC SOLUTIONS.

8. IN RESPONSE TO A CONSTANT RUMOR, JLP DENIED THAT
ECHEVERRIA HAD ANY INAPPROPRIATE INFLUENCE ON HIS OWN
ADMINISTRATION, WHILE STRONGLY DEFENDING ECHEVERRIA AS
PRESIDENT AND EMPHASIZING THEIR PERSONAL FRIENDSHIP.
COMMENT: LOPEZ PORTILLO MAY HAVE BEEN TRYING TO QUELL THE
RENEWAL OF DISSENSION, THAT CHARACTERIZED THE END OF
ECHEVERRIA'S ADMINISTRATION, WHICH WAS REVIVED BY
CONGRESSIONAL DISCUSSION OF THE 1976 GOVERNMENT EXPENDI-
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TURES ACCOUNT.

9. WHEN ASKED FOR AN OPINION ON PRESIDENT CARTER'S PRO-
POSAL ON UNDOCUMENTED WORKERS, PARTICULARLY THE REINFORCE-
MENT OF THE BORDER PATROL, LOPEZ PORTILLO PROVIDED A
CAREFULLY PHRASED REPLY. HE SAID HE WAS HESITANT TO

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DISCUSS THE PROPOSAL BECAUSE HE DID NOT HAVE ALL OF ITS DETAILS, AND THAT HE ALSO DID NOT WANT TO INTERFERE IN US DOMESTIC POLITICS. HE THEN OUTLINED HIS VIEWS ON UNDOCUMENTED WORKERS:

- THAT A DISTINCTION SHOULD BE MADE BETWEEN IMMIGRATION LAWS, AND HUMAN RIGHTS AND LABOR RIGHTS;

- THAT THE SOLUTION IS NOT POLICE MEASURES BUT RATHER THE CREATION OF JOBS IN MEXICO;

- THAT MIGRATORY LABOR PROBLEMS SHOULD BE STUDIED AS PART OF A PACKAGE WHICH INCLUDES PROBLEMS OF PRODUCTION, TRADE AND FINANCE; AND

- THAT MEXICO WOULD RATHER EXPORT PRODUCTS THAN PEOPLE.

10. IN RESPONSE TO QUESTIONS ON MEXICO'S FOREIGN POLICY, PRESIDENT LOPEZ PORTILLO MADE FOLLOWING POINTS:

- MEXICO WILL CONTINUE TO STRUGGLE FOR MORE JUST INTER-LIMITED OFFICIAL USE

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NATIONAL ECONOMIC STRUCTURE. AS SUCH, IT CONTINUES TO VOTE WITH COUNTRIES HAVING EQUIVALENT LEVEL OF DEVELOPMENT;

- MEXICO IS SEEKING TO STRENGTHEN RELATIONS WITH LATIN AMERICAN COUNTRIES. NEVERTHELESS, HE ADMITTED THAT NEGOTIATIONS WITH ARGENTINA TO OBTAIN A "SAFE CONDUCT" FOR EX-PRESIDENT HECTOR CAMPORA TO LIVE IN MEXICO ARE "STUCK";

- REAFFIRMED MEXICO'S POLITICAL ASYLUM POLICY AND SAID THAT DESPITE MEXICO'S SOLIDARITY WITH CHILEAN PEOPLE, IT WOULD NOT RENEW RELATIONS WITH PINOCHET GOVERNMENT SO LONG AS CONDITIONS WHICH LEAD TO DIPLOMATIC BREACH REMAIN UNCHANGED. LUCEY

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